

Seventh Steering Committee

21 March 2024

SOFF financial situation, country demand and resource mobilization actions

Decision 7.3

Systematic Observations
Financing Facility

**Weather
and climate
data for
resilience**



Decision 7.3: SOFF financial situation, country demand and resource mobilization actions

The Steering Committee

Acknowledges the financial challenges and urgency of stepping up resource mobilization actions to meet country demand and deliver on the Updated Work Programme 2022 - 2025 targets.

Adopts the short-term actions outlined in the chapter 4 of this document.

Request the SOFF Secretariat, in collaboration with the SOFF Global Facilitators, and the UNMPTF Office

- to keep the Steering Committee informed about fundraising efforts including with potential new funders.
- to step-up engagement with the European Commission DG INTPA to secure a sizeable potential contribution to the SOFF UN Fund as part of the EU's commitment under the UN Early Warnings for All initiative.
- to develop a proposal on operationalizing SOFF as a conduit for Loss and Damage funding for consideration at the 8th Steering Committee meeting.
- to develop a proposal in collaboration with the GCF Secretariat for a potential GCF contribution to the SOFF UNMPTF for consideration at the 8th Steering Committee meeting.

Encourages the Steering Committee members to proactively support stepped-up SOFF resource mobilization efforts and provide a leadership role on the short-term actions.

The purpose of this document is to present the SOFF financial situation and summarize the anticipated country demands until June 2025, outlining financial requirements, and evaluating this demand against the current financial standing. The conclusion is stark: for SOFF to sustain its implementation at the planned speed and scale, there is a pressing need to solidify existing pledges and secure new funding, including from new sources.

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1. Context

An important hallmark of SOFF is the speed with which it operates. As indicated in the [SOFF Action Report 2023](#), SOFF opened its doors for business in July 2022, the first country funding requests were approved by the Steering Committee in March 2023, and today 62 countries have been programmed of which 60 countries are already benefitting from SOFF support. The average time it took for countries to progress from being programmed to receiving support, preparing their funding requests and having their Readiness funding requests approved, corresponds to 3.7 months. Additional information on SOFF implementation progress is disclosed in the document INF 7.1

Given the ambition for speedy implementation of the UN Early Warning for All Initiative, SOFF accelerated its implementation by advancing programming decisions and raising its operational targets for the First Implementation Period. Consequently, the Steering Committee adopted the [Updated Work Programme 2022-2025](#) with the target to provide Readiness support to 75 countries and initiate Investment support to 50 countries within the adopted funding target of USD 200 million. Despite a substantial increase in the number of countries expected to receive SOFF support by June 2025, there are currently 39 pending requests from countries seeking SOFF support, indicating a growing demand.

The SOFF Steering Committee, during its second meeting in October 2022, endorsed the Resource Mobilization and Outreach Strategy, which has since been implemented with only moderate success. To date, 79M USD has been pledged to the SOFF UNMPTF. More than halfway through the first implementation period, this is less than half of what is needed to reach the target of 200M USD by June 2025.

As highlighted in the recent SOFF Independent External Review (see document 7.2), SOFF has been moving quickly from the Readiness to the Investment Phase. However, the current pace of resource mobilization, if not accelerated, will not allow SOFF to respond to country demand and deliver on the Updated SOFF Work Programme 2022-2025. The risk of a potential funding shortfall was explicitly acknowledged in the [SOFF Risk Management Framework](#) (point 1.4), and also in the Updated Work Programme. In view of the now emerging resource mobilization challenge, additional resources must urgently be raised not only from current funders but importantly from new funding sources to meet the high current demand for SOFF resources and ensure long-term sustainability of SOFF.

The subsequent sections of this document present the SOFF financial situation and summarize the anticipated country demands until June 2025, outlining financial requirements, and evaluating this demand against the current financial standing. The conclusion is stark: for SOFF to sustain its implementation at the planned speed and scale, there is a pressing need to solidify existing pledges and secure new funding, including from new sources.

2. Financial situation

During the 6th SOFF Steering Committee meeting, the UNMPTF Office presented the latest financial status of SOFF, with pledges amounting to 73 million USD, commitments amounting to 68 million USD, and close to 49 million USD deposited in the SOFF UNMPTF. Subsequently, at COP28, SOFF received pledges totaling approximately 6 million USD from Ireland and Norway. Additionally, Iceland reevaluated its 2023 contribution, augmenting it with an additional 345,000 USD, Finland augmented their commitment and deposits, and Norway deposited their already committed second contribution. Table 1 reflects the SOFF current financial status as of 26 February 2024.

Table 1: SOFF current financial status in USD.

	Pledges	Commitments	Deposit	Deposits expected 2024	Deposits expected beyond 2024
Austria	4,143,766	4,143,766	3,087,800	1,055,966	-
Belgium	7,270,799	7,270,799	5,512,439	1,758,360	-
Canada	746,825	-	-	-	-
Denmark	3,501,896	3,501,896	3,501,896	-	-
Finland	3,252,385	3,252,385	3,252,385	-	-
Iceland	845,000	845,000	645,000	200,000	-
Ireland	5,434,782	1,259,655	1,259,655	4,137,744	-
Netherlands	15,761,551	15,761,552	3,925,739	2,684,382 1,342,191	8,053,145
Nordic Development Fund	10,042,250	10,042,250	10,042,250	-	-
Norway	11,887,406	7,100,427	7,100,427	4,786,979	-
Spain	3,194,700	3,194,700	3,194,700	-	-
United States of America	13,337,000	13,337,000	13,337,000	-	-
TOTAL	79,379,865	69,709,430	54,859,291	15,965,622	8,053,145

Note: Commitments and Deposits are certified by the UNMPTF Office whilst the pledges and future payments are calculated by the SOFF Secretariat using the [UN Operational Rates of Exchange](#) and are subject to currency fluctuation.

As a result of the pledges received at COP28, and additional expected commitments and deposits from Austria, Canada, Iceland and the Netherlands, the financial status expected at the 7th Steering Committee is as shown in Table 2, with all countries' signed commitments equaling the received pledges to date.

Table 2: Funding status expected at 7SC (in USD million)

Funders' contributions	Pledge	Commitment	Deposit
Expected by 7SC	79.4	79.4	68.5

3. SOFF expected demand, financial requirements, and proposed approach to SOFF investment funding decisions

Based on current SOFF implementation progress, and in order to deliver on the targets of the Updated Work Programme 2022 – 2025, the SOFF Secretariat prepared a projection of expected Funding Requests for the rest of the Steering Committee meetings until July 2025. Table 3 includes expected demand to be considered at future Steering Committee meetings.

Table 3: Expected demand to reach SOFF Updated Work Programme 2022-2025 targets.

	SC6 Nov 23	SC7 Mar 24	SC8 Jun 24	SC9 Oct 24	SC10 Mar 25	SC11 Jun 25	Total
Investment	6 (first)	5	11	10		18	50
Readiness	60 (total)	0	4	5		6	75

The projected SOFF resources available for the 7th Steering Committee decisions amount to 34.4 million USD in commitments and 30 million USD in liquidity for immediate disbursements. This results from the expected contributions by the 7th Steering Committee minus previous SOFF funding decisions (see Table 4).

The 7th Steering Committee meeting will consider five Funding Requests totalling 35.7 million USD. Although this financial allocation will suppose a commitment of 35.7 million USD of SOFF resources, from a liquidity standpoint, only 24.4 million USD of SOFF resources will be required in 2024 since the financial requests are structured to disburse payments in two separate tranches. Notably, the second tranche, constituting approximately 28% of the total, is scheduled for disbursement after June 2025. This will allow SOFF liquidity to make the first tranche payment for the five countries funding requests, should the Steering Committee approve them. (see Table 4).

The proposed allocation entails an overcommitment of 1.3 million USD (i.e., new SOFF commitments to recipients exceed signed commitments for SOFF by funders). However, since additional pledges are expected later this year, including potentially from the Nordic Development Fund and Austria the overcommitment is expected to be shortlived. Table

4 details the country demand and financial projections in the run up to the 7th Steering Committee.

Table 4: Country demand and financial projections 7th Steering Committee (SC7). All amounts are in US dollars millions.

Funders' contributions	Pledge	Commitment	Deposit
1. 7SC (as of 18 th March)	79.4	79.4	66.4
Previous SOFF funding decisions			
2.		45	38.5
SOFF resources available for 7SC decisions			
3. Line 1 minus line 2		34.4	27.9
7SC Investment Funding requests			
4.		35.7	24.4
Balance			
5. Line 3 minus line 4		-1.3	3.5

In accordance with UNMPTF rules, the SOFF Steering Committee has the authority to make commitments in excess of available liquid resources. However, disbursements are contingent upon sufficient liquid resources available. Therefore, Steering Committee approval of an overcommitment of 1.3 million USD is in line with UNMPTF financial regulations.

The demand projection for the 8th Steering Committee outlines the inclusion of up to 11 countries requesting SOFF Investment support and 4 additional countries being proposed to be included in the SOFF programming for Readiness Phase support, amounting to a projected total commitment of about 45.5 million USD. However, the SOFF UNMPTF will only need to disburse the first tranche in 2024, resulting in a projected liquidity claim of 32 million USD for this investment batch.

For the 9th Steering Committee meeting, the demand projection outlines up to 10 countries requesting SOFF Investment support and up to 5 countries programmed for SOFF Readiness Phase support, amounting to a projected total commitment of 26 million USD and a projected immediate claim of 17.9 million USD of SOFF resources (including Readiness Funding Requests from the 4 programmed countries at the 8th Steering Committee).

In summary, as shown in Table 5, the 8th and 9th Steering Committee meetings entail a direct commitment of SOFF resources projected to amount to 71.5 million USD. However, the immediate outflow of disbursements is projected to be about 49.9 million USD if the SOFF Steering Committee were to approve all the submitted Funding Requests. However, given current pledges to SOFF and expected funder deposits during 2024, only USD 5.6 million will be available for disbursement, resulting in an expected shortfall of resources amounting to USD 44.3 million.

Table 5: Country demand projections 8th and 9th Steering Committee (in USD million).

	Commitments	2024 Disbursements
8SC projected funding requests	45.5	32.0
9SC projected funding requests	26.0	17.9
Total Projected demand 8th and 9th SC	71.5	49.9

For an efficient use of limited available resources, the following approach is proposed for the future SOFF investment funding decisions:

- **Phased investments** for selected countries considering country capacity and national context (following South Sudan example already approved, expected in about 8 out of the 50 programmed countries; already considered in the financial projections).
- **Approval of Investment Funding Requests** with total operational funding commitments up to signed funders’ commitments and first tranche disbursements up to total liquidity available, with some flexibility proposed for 7th Steering Committee approvals.

In light of SOFF expected financial status after the 7th Steering Committee, and despite indicated potential pledges by some of the SOFF funders, urgent resource mobilization actions are required to respond to country demand and deliver on the Updated Work Programme 2022-2025 and, more immediately, to continue the desired operational trajectory for 2024. The next section of this document emphasizes the urgency of resource mobilization and enumerates a series of short-term actions in support of SOFF fundraising.

4. Urgency of short-term resource mobilization action

SOFF faces an urgent short-term fundraising challenge, as it confronts the risk of having virtually no resources available for implementing its work program at 8SC and 9SC, in June and October 2024, respectively. At the same time SOFF must find ways to strengthen its resource mobilization prospects for 2025 and beyond, if it is to be able to deliver on its target to support 100 countries by 2027 and corresponding funding needs of USD 400 million as part of the UN Early Warnings for All initiative.

The SOFF Resource Mobilization Strategy endorsed by the Steering Committee at the second Steering Committee in October 2022¹ articulated five goals and a set of joint implementation actions (see Table 6). The Secretariat has been proactive in reaching out to existing and potential new funders, with some success in terms of increasing the number of funders from 7 in June 2022 to 12 in February 2024. There was also notable progress in getting some existing funders to contribute additional resources. However, as noted, this has not kept up with demand and with the expanded ambitions of SOFF in terms of scale and speed of delivery.

Table 6: Goals and joint implementation under the SOFF Resource Mobilization and Outreach Strategy, October 2022

Goals and joint implementation	Comments
Goal 1: Expand SOFF funding base	Expanded from 7 to 12 funders; received 2 nd and 3 rd round pledges from some funders; reached out to potential funders (see annex I); explored GCF and Loss and Damage funding options
Goal 2: Foster partnerships	Ongoing, with several achievements such as the Framework for Collaboration signed at COP28 with multilateral climate funds
Goal 3: Position SOFF within UNFCCC/COP	Intensive engagement of SOFF at COP27 and COP28, including highly visible public events, and SBSTA recognition of SOFF in support of addressing observation gaps globally
Goal 4: Bolster UN EW4All Initiative	Intensive engagement with EW4All including the UN Secretary-general Climate Action Team; limited funding impact to date
Jointly implement the Strategy	So far, mostly Secretariat action; stepped-up SOFF co-founders and Steering Committee support critical

Beyond funder outreach, the Secretariat has been proactive in outreach and partnership development, including with the other climate funds, in order to enhance a wider understanding of the urgency of improving observations and garner support for SOFF among the climate, development and early warning communities. The SOFF Secretariat intensively engaged with the UNFCCC processes and with events at COP27 and COP28. It also worked closely with the UN Early Warning for All (EW4All) initiative in positioning SOFF as a delivery vehicle of EW4All and has worked especially closely with the Special Adviser to the Secretary-General on Climate Action and Just Transition and his team. However, these complementary efforts of the Secretariat have so far had limited impact in terms of fundraising.

¹ SOFF Steering Committee Decision item 2.3.

The Secretariat will update the SOFF Resource Mobilization and Outreach Strategy for consideration by the 8th Steering Committee meeting in June 2024, drawing on the experience and lessons to date. However, in view of the urgent need to raise resources in the short term and to lay the foundation for a stronger resource mobilization effort in the medium term, the Secretariat has concluded that a set of actions are needed in the short-term, which can help ensure that SOFF can continue funding its ambitious work program. Five action areas are envisaged: the first three are designed to relieve the immediate cash crunch for 8SC and 9SC; the latter two are urgent steps needed to strengthen the medium-to-longer-term resource capacity of SOFF.

Short-term action 1: Working with existing funders to make new pledges and front-load deposits on existing and new pledges. Some existing funders very generously have led the way with second and third-round pledges and/or frontloading deposits on existing and new pledges. This allows SOFF to achieve a cash balance of 34.4M USD for commitment at 7SC. For 8SC existing funders will be the main avenue to raise additional resources.

Short-term action 2: Working with potential bilateral funders to mobilize new pledges and deposits. Considering the time it takes to attract new pledges and convert them into deposits, this action will be especially important for 9SC (October 2024) and beyond. The Secretariat will reinforce its efforts to raise additional resources from potential bilateral funders, including by close collaboration with the new leadership of WMO and with the Office of the Special Adviser to the Secretary-General on Climate Action and Just Transition to ensure SOFF receives the appropriate attention and support in the EW4All resource mobilization effort. However, based on past experience with SOFF fundraising and resource mobilization for other multilateral funds and facilities, it will be critical that existing funders reach out to their peers at the highest levels (preferably at the level of ministers) to make the case for broadening the funder base and hence the scale and sustainability of SOFF. This can be justified on the grounds that a high-level effort will help safeguard the investment existing funders have made in the start-up of SOFF and increase the effectiveness of their resources provided to other multilateral climate funds. Current funders could also offer valuable support in the context of EW4All to ensure that SOFF benefits appropriately from any funds raised for this initiative. The Secretariat stands ready to support existing funders in such outreach efforts. Annex I of this document lists SOFF Secretariat engagement with potential bilateral funders.

Short-term action 3: Stepping up engagement with the European Commission Directorate-General for International Partnerships (DG INTPA) for a sizeable potential contribution to the SOFF UN Fund as part of the EU's commitment under the UN Early Warnings for All initiative.

Short-term action 4: Working with the GCF to mobilize a potential contribution to the SOFF UN Fund. The Framework for Collaboration signed between the SOFF Secretariat and the Secretariats of multilateral climate funds notes the potential for “exploring avenues to contribute to the SOFF UN Fund, if the mandate and procedures allow for, in order to equip SOFF to close today's GBON gaps and contribute to effectiveness and sustainability of other funds' investments.” As noted above, the Secretariat has already engaged with the GCF Secretariat – and also with UNMPTF – to

explore the potential for a GCF contribution to SOFF. With the endorsement of the SOFF Steering Committee and the critical support of SOFF funder governments in the GCF Executive Board, the Secretariat will continue together with UNMPTF a proactive outreach to GCF, including a potential visit to the GCF HQ, to ensure an early positive decision. It is proposed that the SOFF Secretariat will develop a proposal of a sizeable GCF contribution to the SOFF UN Fund to ensure sustainability of previous and ongoing GCF investments on observations and operationalize the SOFF Framework for Collaboration for Enhancing Systematic Observation.

Short-term action 5: Positioning SOFF as a vehicle to addressing Loss and Damage.

At the urging of one potential bilateral funder, the SOFF Secretariat has started to explore whether and how SOFF might serve as a vehicle for pledged funds to the newly established Loss and Damage Fund (LDF) to address loss and damage. With the endorsement of the Steering Committee, the Secretariat will reinforce this effort, including with outreach to recipient country authorities to explain why SOFF should be considered a potential conduit for Loss and Damage funding and to seek their support. The support of existing and potential bilateral SOFF funders will also be essential in helping to make the Secretariat's case. For instance, bilateral partners active in the operationalization of the LDF could propose SOFF as a Funding Arrangement for the Loss and Damage Fund. As for GCF funding, it is likely that any Loss and Damage funding would become available for SOFF only after 2024. The Annex II of this document contains the list of countries that have pledged financial contributions to Loss and Damage.

Annex I. Potential funders with previous engagement with the SOFF Secretariat

Country/Organization
EU Commission
France
Germany
Italy
Luxemburg
Portugal
Slovenia
Sweden
Switzerland
United Kingdom
United Arab Emirates
Saudi Arabia
Australia
China
Japan
New Zealand
Republic of Korea
Bezos Foundation
Gates Foundation

Annex II. Pledges to the Loss and Damage Fund (As communicated by the COP28 presidency)

Contributor	Announced (millions)	USD (millions)
Canada	CAD 16	11.6
Denmark	DKK 175	25.5
Estonia	EUR 0.5	0.5
European Commission	EUR 25	27.1
Finland	EUR 3	3.26
France	EUR 100	108.9
Germany	USD 100	100
Iceland	EUR 0.6	0.6
Ireland	EUR 25	27.3
Italy	EUR 100	108.9
Japan	USD 10	10
Netherlands	EUR 15	16.3
Norway	USD 25	25
Portugal	EUR 5	5.45
Slovenia	EUR 1.5	1.63
Spain	EUR 20	21.7
United Arab Emirates	USD 100	100
United Kingdom	GBP 40	50.6
United States of America	USD 17.5	17.5
Total		661.39

Source: [UNFCCC website](#)